



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

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Order Instituting Rulemaking on Regulations Relating to  
Passenger Carriers, Ridesharing, and New Online-  
Enabled Transportation Services

Rulemaking 12-12-011  
(Filed December 20, 2012)

**COMMENTS FROM EVERCAR RE: ASSIGNED COMMISSIONER'S RULING  
INVITING PARTY COMMENTS ON THE CONCEPT OF PERSONAL VEHICLES**

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**July 11, 2016**

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We are in the nascent stages of the Transportation Network Companies (“TNCs”) industry. As the industry evolves, the Commission should reject proposals or actions that stifle innovation or needlessly limit new participants from operating in the TNC industry unless such actions are necessary to protect the public interest. On September 19, 2013, Decision 13-09-045 classified Transportation Network Companies as charter party carriers, and defining them as “online-enabled app or platform to connect passengers with drivers using their personal vehicles.”

Evercar submits these comments to show that the public interest is best served by an expanded definition of the term “personal vehicle” that includes, but is not limited to, professionally managed fleets of vehicles and alternative ownership/sharing models. Professionally managed fleets of vehicles benefit the public in three ways. First, such fleets increase public safety by enhancing the safety of both vehicles and drivers. Second, professionally managed fleets enhance access for economically disadvantaged individuals who wish to become TNC drivers but who do not have access to (up-to-code) vehicles. Third, professionally managed fleets encourage efforts to electrify transportation and, by extension, improve air quality. Professionally managed fleets tend to be comprised of newer, more fuel efficient vehicles.<sup>1</sup> In Evercar’s case, 100 percent of its fleet consists of electric or hybrid electric vehicles. Use of these cleaner vehicles not only provides a positive impact on air quality – it also introduces thousands of Californians to the benefits and experience of driving (or riding in) an electric or hybrid electric vehicle.

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<sup>1</sup> Refer to page 3 Figure entitled “Adjusted Fuel Economy for MY 1975-2014  
“Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 Through 2014”  
<https://www3.epa.gov/fueleconomy/fetrends/1975-2014/420s14001.pdf>

A narrow definition of “personal vehicle” would preclude TNC drivers from utilizing professionally managed fleets and the public would lose out on the aforementioned benefits.

The term “personal vehicle” should be struck from the CPUC decision, dated September 19, 2013,<sup>2</sup> such that TNCs would be defined as “online-enabled app or platform to connect passengers with drivers ~~using their personal vehicles.~~” The inclusion of “personal vehicles” in the definition of TNCs has no bearing on the public interest. Whether a vehicle used for TNC services is owned, rented, or leased has no adverse effect on public safety.

### Questions posed by the Commission

1. Are there any safety or other public-policy concerns that would arise if a TNC driver were allowed to lease or rent a vehicle to provide TNC services? If so:
  - a. Describe these safety or other public-policy concerns with specificity and with reference to any applicable Commission decision, ruling, general order, state statute, state decisional law, federal decisional law, federal statute, or research that supports each of your concerns; and
  - b. How can the Commission best address these safety or other public-policy concerns?

No safety or other public-policy concerns would arise if a TNC driver were allowed to lease or rent a vehicle to provide TNC services. In fact, allowing TNC drivers to lease or rent a vehicle from a professionally managed and maintained fleet has a positive impact on public safety. Unlike personally owned vehicles, where maintenance levels vary by the individual driver, professionally managed fleets can maintain rigid standards for vehicle maintenance and car insurance, and have the ability to closely monitor risky driver behavior. Moreover professionally managed fleets provide a single point of accountability for ensuring compliance with CPUC rulings in the event there are any real or perceived infractions.

### Rigid Maintenance Standards and Procedures

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<sup>2</sup> <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M077/K192/77192335.PDF>

For example, Evercar maintains extremely high standards for its fleet's safety by adhering to a strict maintenance protocol. This protocol includes:

- Tire rotation every 5,000 miles and replacement at 50,000 miles
- Oil and fluid replacements every 7,500 miles (for Toyota Prius)
- Inspection of vehicle performance by employees or dealership service technicians every week
- Active diagnostic trouble code (DTC) monitoring with immediate alerts to Evercar technicians
- Car cleaning twice week
- Brake Fluid flush every year

Evercar's high maintenance standards ensure that its fleet is at least as safe as a personally owned vehicle; furthermore, Evercar's regular maintenance checks ensure that these standards are consistently adhered to.

In addition to regular maintenance checks, professionally managed fleets often utilize reporting systems so that maintenance issues can be promptly reported and addressed. For example, Evercar facilitates the prompt reporting of vehicle issues through its member portal, where drivers regularly report any damage or issues they experience while driving an Evercar. After receiving a report of damage or malfunction, Evercar's maintenance team promptly addresses the issue.

There is no reason why professionally managed fleets cannot comply with CPUC rulings and California laws requiring that vehicles have appropriate insurance. For example, Evercar provides liability insurance coverage during the operation of an Evercar vehicle. As the vehicle owner, Evercar manages its own collision policy and administers accident reporting, claims filings, and repairs subject to its Terms of Service with its drivers.

In summary, professionally managed fleets of vehicles enhance public safety by: following rigid vehicle maintenance standards, ensuring heightened vehicle safety, and maintaining insurance practices that are fully consistent with previous CPUC rulings.

Evercar reiterates that the manner in which a TNC driver obtains a vehicle -- whether by outright purchase, long-term lease, or short-term rental -- does not in itself present any public safety nor regulatory concern.

2. **Should there be a minimum time period in order for a leased or rented vehicle to be driven by a TNC driver to qualify as a “personal vehicle”? If so, what are the applicable statutes or decisional law that support your response?**

With respect to the vehicle safety component of public safety, restricting the definition of “personal vehicles” with a minimum time period for leasing or renting the vehicle would not increase public safety. In fact, such a restricted definition would likely decrease public safety.

On the topic of the economically disadvantaged, while many carshare operators serve affluent urbanites in need of sporadic vehicle access, professionally managed fleets serve lower income workers pursuing the economic opportunities created by emerging on-demand platforms such as Uber and Lyft. Allowing professionally managed fleet operators to furnish vehicles that are used for TNC services offers an avenue for economically disadvantaged individuals who do not have a suitable vehicle to participate in an income-generating activity such as driving for a TNC service. Without this option, economically disadvantaged populations lacking the credit profile or economic time horizon required to own or lease a vehicle may be left out of an income generating activity of driving for on-demand services. [Figure 1]

**Figure 1**

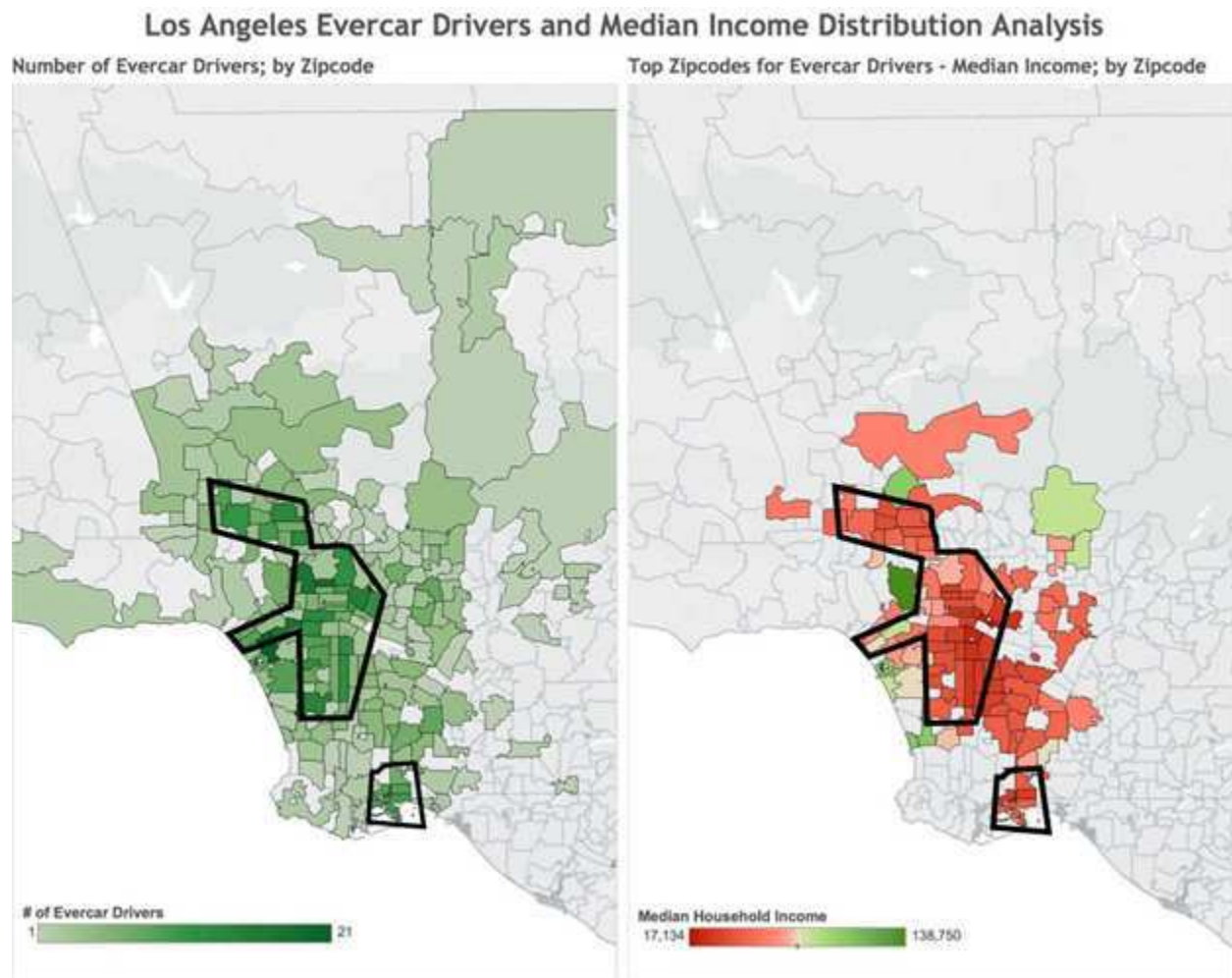


Figure 1 shows a heat map of Los Angeles zip codes and where over 450 active Evercar drivers reside. The image on the left highlights zip codes where Evercar drivers live, with color-codes indicating the median household income. As the image on the right shows, the majority of our drivers live in low-income neighborhoods. Over 65% of Evercar drivers live in areas that have median household incomes less than \$48,650, which is the LA low-income limit for 1-person households, and 20% of our drivers come from areas where median income is less than \$30,400.<sup>13</sup>

3. **Should the definition of a “personal vehicle” not be tied to a time period but instead be defined by authorized uses? For example, should one requirement of a “personal**

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<sup>3</sup> See Public and Affordable Housing Programs, Housing Authority of the County of Los Angeles (last visited Jul. 8, 2016), <http://www.hacola.org/public-housing/am-i-eligible>

**vehicle” be the explicit authorization of using the vehicle for TNC service in any rental or lease contract?**

There is no need for additional requirements or stipulations to be placed on the “personal vehicle” definition. There would be no regulatory benefit of further defining the “personal vehicle” for the explicit use on a TNC service.

- 5. Where a non-TNC company offers vehicles for TNC drivers to use, what specific documentation and processes should be required of that company and/or of the TNC so that the Commission can ensure that rules regarding vehicle inspections, trade dress, and insurance are met?**

Non-TNC companies that offer vehicles for TNC drivers to use should be subject to the same vehicle inspection, trade dress, and insurance standards as any other TNC vehicle.

Since professionally managed fleets enhance public safety, as explained above, no additional documents or processes should be required of a non-TNC company offering vehicles for TNC drivers to use. Furthermore, professionally managed fleets make it easier to enforce and manage compliance with existing rules by providing a single point of contact for accountability purposes. Evercar recommends that rules and regulations governing vehicles offered to TNC drivers by a non-TNC company should be the same as those governing any other TNC vehicle.

- 6. Should the Commission distinguish vehicle inspection and insurance rules depending on the source of the vehicle offered on a short-term basis to TNC drivers, such as rental fleets or fleets offering peer-to-peer vehicle transactions as contrasted with individual peer-to-peer transactions?**

The Commission should allow for vehicle inspection documents to be solely in the name of the rental fleet owner. Requiring vehicle inspection documents to be in the name of every potential driver of the vehicle does nothing to enhance public safety but would be onerous and prohibitively time-consuming for professionally managed fleets. Such a requirement would limit many individuals, primarily economically disadvantaged individuals, from participating as TNC drivers. Aside from this change, the existing inspection and insurance rules should be applied consistently and equally regardless of the source of the vehicle.

7. What insurance products exist that cover, for a single vehicle, multiple drivers driving the vehicle for periods of less than 24 hours for personal use and for a TNC? Does the insurance attach to the vehicle or to the individual driver? Does the insurance product meet California's legal requirements?

In California insurance attaches to the vehicle, not the driver. It is entirely possible to attach multiple individuals to a single vehicle (or series of vehicles). As a result, questions 8 and 9 are answered as long as sufficient insurance that meet California's minimum standards are in place.

There is a robust, competitive, and well-served market of both specialty and large insurers serving the corporate and professionally managed fleet market with both admitted and non-admitted insurance products.

Dated: July 11, 2016

**Vision Fleet Rideshare, LLC (dba "Evercar")**

By: 

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